

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 PA-01 DOE-11 SOE-02
OES-07 /077 W
-----074304 011337Z /53
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FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 7206

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 02120

E.O. 11652: GDS
TAGS: ENRG, IR
SUBJ: TURMOIL CONTINUES AT NIOC

REF: A. TEHRAN 1691, B. TEHRAN 1757

1. NIOC REMAINS A VERY UNSETTLED ORGANIZATION TWO WEEKS AFTER THE APPOINTMENT OF TWO NEW DEPUTY MANAGING DIRECTORS (REF A) AND TEN DAYS AFTER THE FOUR MOST SENIOR DIRECTORS SUBMITTED THEIR RESIGNATIONS FROM THEIR OPERATIONAL RESPONSIBILITIES (REF B). HOWEVER, THE TURNOVER HAS BEEN LESS THAN PREVIOUSLY REPORTED SINCE THE RESIGNATIONS OF MESSRS. RAFIEE AND DIBA, DIRECTORS FOR NON-BASIC SERVICES AND FOR PERSONNEL AND ADMINISTRATIVE AFFAIRS (AND SECURITY/SAVAK AT NIOC), WERE NOT ACCEPTED BY ANSARY AND BOTH HAVE AGREED TO CONTINUE WORKING.

2. THE RESIGNATIONS OF MINA AND NABEGH, GENERALLY CONSIDERED TO BE THE TWO BEST DIRECTORS AND OCCUPANTS OF THE TWO MOST CRUCIAL DIRECTOR SLOTS, WERE ACCEPTED. NABEGH'S "OFFICE HAS BEEN TAKEN OVER BY FAROKH NAJMABADI, THE NEW DEPUTY MANAGING DIRECTOR FOR TECHNICAL AFFAIRS; AND NABEGH'S FORMER RESPONSIBILITIES ARE BEING PERFORMED
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BY NAJMABADI OR SOME OF THE SENIOR OFFICIALS IN THE EXPLORATION AND PRODUCTION DEPARTMENT. SEVERAL EMBASSY SOURCES BELIEVE THAT HOMAYOUN JABERI-ANSARY (NO RELATIONS TO HUSHANG ANSARY), AN OLD NIOC EMPLOYEE, FORMER MINISTER OF HOUSING, AND CURRENTLY CHAIRMAN OF THE BOARD OF IPAC (NIOC-AMOCO JOINT VENTURE) WILL SHORTLY BE NAMED AS NABEGH'S REPLACEMENT. WE DO NOT

KNOW VERY MUCH ABOUT JABERI-ANSARY, BUT THE CONSENSUS AMONG A NUMBER OF INDUSTRY SOURCES WHO KNOW HIM IS THAT HE IS VAIN AND LACKS THE TECHNICAL COMPETENCE, EXPERIENCE AND INDEPENDENCE OF NABEGH.

3. WE HAVE NOT HEARD ANY CREDITABLE SPECULATION ABOUT A REPLACEMENT FOR MINA. HASSAN ALI MEHRAN, THE NEW DEPUTY MANAGING DIRECTOR FOR ECONOMIC AND COMMERCIAL AFFAIRS, HAS ALSO BEEN NAMED ACTING DIRECTOR FOR INTERNATIONAL AFFAIRS, AND ALL OF MINA'S OLD DEPUTIES NOW REPORT DIRECTLY TO MEHRAN.

4. THE QUESTION OF REPLACEMENTS FOR NABEGH AND MINA IS SOMEWHAT COMPLICATED BY THE FACT THAT NEITHER HAS RESIGNED FROM THE BOARD. THEY DID NOT BECAUSE THEY ARE DIRECTORS BY VIRTUE OF AN IMPERIAL DECREE SIGNED BY THE SHAH AND TO RESIGN FROM SUCH A POSITION WOULD, IN THE PERSIAN ENVIRONMENT, BE AN INSULT TO THE SHAH. HOWEVER, IF THEIR DEPARTURE FROM NIOC IS ACCEPTED AS FINAL (AND NOT ALL DO), IT IS LIKELY THAT THE PERSONS SELECTED TO REPLACE MINA AND NABEGH IN THEIR ROUTINE JOBS WILL ALSO, THROUGH THE ISSUANCE OF AN IMPERIAL DECREE, BECOME NEW DIRECTORS.

5. OTHER TOP-LEVEL CHANGES AT NIOC WILL PROBABLY OCCUR IN THE NEAR FUTURE. MOST EMBASSY SOURCES DO
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NOT EXPECT DIBA AND RAFIEE TO LAST VERY LONG, PRIMARILY BECAUSE OF THEIR ATTEMPTED RESIGNATIONS. HOWEVER, DIBA HAS REPORTEDLY BEEN WANTING TO RETIRE FOR SOME TIME AND HIS RESIGNATION MAY HAVE PRE-DATED THE APPOINTMENTS OF MEHRAN AND NAJMABADI.

6. THE OTHER THREE DIRECTORS ARE ALSO THOUGHT TO HAVE A TENUOUS GRASP ON THEIR JOBS. JALINOOS, DIRECTOR FOR LOCAL SALES AND DISTRIBUTIONS, IS A FORMER HEAD OF TAVANIR (PUBLIC ELECTRIC UTILITY) WHO WAS PUBLICLY IDENTIFIED, CLEARLY IF NOT BY NAME, BY THE SHAH SEVERAL MONTHS AGO AS HAVING CONTRIBUTED TO THE PROBLEMS OF ELECTRICAL GENERATION AND DISTRIBUTION WHICH HAVE PLAGUED IRAN THE PAST YEAR. THERE IS ALSO ANOTHER

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TO SECSTATE WASHDC 7207

C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 02120

SCANDAL BREWING IN ISFAHAN WHICH WILL BE PUT AT
JALINOOS' DOOR--THIS IS RELATED TO THE IMMINENT
COMPLETION BY FLOUR OF THE FIRST TRAIN OF THE NEW
ISFAHAN REFINERY WHICH WILL NOT BE COMMISSIONED
IMMEDIATELY BECAUSE TERMINAL AND DISTRIBUTION
FACILITIES HAVE NOT BEEN COMPLETED BY JALINOOS'
DISTRIBUTION DEPARTMENT.

7. THE LAST TWO DIRECTORS, ENTEKHABI WHO IS RESPON-
SIBLE FOR CORPORATE PLANNING AND ABBAS FALLAH (YOUNGER
BROTHER OF REZA FALLAH) WHO IS RESPONSIBLE FOR
REFINING, ARE THE JUNIOR MEMBERS OF THE BOARD, HAVING
BEEN ELEVATED FROM ALTERNATE DIRECTORS LATE LAST YEAR.
ENTEKHABI WAS PROMOTED BECAUSE OF HIS FRIENDSHIP
WITH THE PREVIOUS MANAGING DIRECTOR, MANOUCHEHR EGHBAL.
ENTEKHABI HAS A PLEASANT PERSONALITY BUT HE IS GENERALLY
REGARDED AS AN INTELLECTUAL LIGHTWEIGHT AND ALMOST NO
ONE EXPECTS HIM TO LAST LONG UNDER ANSARY. ABBAS FALLAH'S
REPUTATION IS MIXED AS ARE THE OPINIONS REGARDING THE
DEGREE TO WHICH HIS CAREER HAS BEEN AIDED BY HIS
BROTHER. INsofar AS THE EMBASSY IS AWARE, ABBAS
FALLAH HAS PERFORMED WELL IN THE SHORT TIME HE HAS
BEEN DIRECTOR FOR REFINING BUT IT IS STILL WIDELY
RUMORED THAT HE TOO WILL GET THE AXE.

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8. OVER-RIDING QUESTION IS WHETHER ANSARY (AND THE
SHAH) EXPECTED OR INTENDED TO CAUSE SUCH TURMOIL AT
NIOC. SOME SOURCES BELIEVE THAT ANSARY CANNOT, IN THE
SHORT-TERM AT LEAST, RUN THE COMPANY WITHOUT THE LIKES OF MINA
AND NABEGH, AND THAT THE SHAHS IS GREATLY DISPLEASED
AND IS NOW ONLY GIVING ANSARY ENOUGH ROPE TO HANG HIMSELF.

ANOTHER SOURCE HAS IT THAT THE SHAH WAS WARNED BY PRIME MINISTER AMOUZEGAR OF THE LIKELY ADVERSE EFFECTS IF MEHRAN AND NAJMABADI WERE GIVEN RESPONSIBILITY TO COORDINATE ACTIONS OF THE HERETOFORE LARGELY INDEPENDENT NIOC DIRECTORS AND, ACCORDING TO THIS SOURCE, THE SHAH SAID TO LET THE CHIPS FALL. WE SUSPECT THAT THE TRUTH LIES SOMEWHERE IN BETWEEN.

9. IT WILL BE DIFFICULT IN THE SHORT TERM TO REPLACE COMPETENT DIRECTORS WITH THIRTY ODD YEARS OF EXPERIENCE BUT THE RETENTION, EVEN IF TEMPORARY, OF DIBA AND RAFIEE INDICATES THAT ANSARY RECOGNIZES THE NEED FOR SOME CONTINUITY. MOREOVER, WE BELIEVE THAT ANSARY WOULD HAVE PREFERRED TO KEEP MINA, BUT MINA'S PRIDE WOULD APPARENTLY NOT PERMIT HIM TO REPORT TO ANSARY THROUGH A DEPUTY. A CLOSE FRIEND AND CONFIDANT OF MINA TOLD PETOFF THAT MINA HAD SAID THAT HE PREFERRED TO LEAVE NIOC RATHER THAN REPORT TO SOMEONE (I.E. MEHRAN) BELOW THE GENERAL MANAGING DIRECTOR WHO WAS LESS KNOWLEDGEABLE AND EXPERIENCED THAN HIMSELF.

10. THE DEPARTURE OF MINA AND NABEGH COMES AT AN AWKWARD MOMENT BECAUSE THE LONG-POSTPONED NEGOTIATIONS BETWEEN NIOC AND THE CONSORTIUM ARE SCHEDULED TO BEING MARCH 4. THIS MEETING IS SCHEDULED TO LAST ONE WEEK BUT WE SUSPECT THAT NIOC WILL MERELY ASK

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THE CONSORTIUM FOR ITS PROPOSALS AND THEN RECESS IN ORDER TO GIVE ANSARY AND HIS NEW SENIOR DEPUTIES TIME TO BRIEF THEMSELVES ON THE ISSUES, THE HISTORICAL PRECEDENTS, ETC.

11. WE WILL CONTINUE TO FOLLOW CLOSELY DEVELOPMENTS AT NIOC.

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